

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2017/2018

### DFA5018 – FINANCIAL ACCOUNTING 1

(For Diploma Students Only)

7 MARCH 2018  
9.00 a.m.-12:00 p.m.  
(3 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

**QUESTION 1****PART A**

Hairul opened his own delivery services, Deal Delivery Company, on 1<sup>st</sup> May 2016. The company has a balance at 31<sup>st</sup> May 2016 as below:

|                      | Asset |                    |          |           | Liabilities   |                 | Owner's Equity   |
|----------------------|-------|--------------------|----------|-----------|---------------|-----------------|------------------|
| Date                 | Cash  | Account Receivable | Supplies | Equipment | Notes Payable | Account Payable | Hairul's Capital |
| 31 <sup>st</sup> May | 7,000 | 5,000              | 2,000    | 4,000     | 0             | 2,000           | 16,000           |

The following transaction occurred during the month of June 2016.

- June      1      Hairul invested additional RM10,000 cash in the business.  
              2      Purchased equipment RM12,000. The company paid RM2,000 cash and signed a note payable for the remaining balance.  
              3      Paid RM500 for office rent for the month.  
              5      Performed RM4,400 of services on account.  
              9      Withdrew RM200 cash for personal use.  
             12      Purchased supplies for RM150 on account.  
             15      Received a cash payment of RM1,250 for services performed on 5 June.  
             17      Purchased petrol for RM200 on account.  
             20      Received a cash payment of RM1,300 for services performed.  
             23      Made cash payment of RM600 on the note payable.  
             26      Paid RM250 for utilities.  
             29      Paid for petrol purchased on account on 17 June.  
             30      Paid RM1,000 for employee salaries.

**Instructions:**

- (a) Prepare journal entries to record the above transactions. (You may omit the explanations) **(9 Marks)**
- (b) Prepare the ledger for:-
- (i) Cash account **(3 Marks)**
  - (ii) Account receivable **(2 Marks)**
  - (iii) Equipment **(2 Marks)**
  - (iv) Supplies **(1.5 Marks)**
  - (v) Notes payable **(1.5 Marks)**
  - (vi) Salaries Expenses **(1 Mark)**

Continued...

**PART B**

“Accounting consist of three basic activities which identifies, records, and communicates the economic events of an organization to interested users.”

**Instruction:**

State the **TWO (2)** broad group of users of financial statements and provide any **TWO (2)** examples of user for each of the group. **(5 Marks)**

**[TOTAL 25 MARKS]**

**QUESTION 2****PART A**

The following unadjusted trial balance is available for Max Photography Company on 31 December 2016.

| <b>Max Photography Company</b><br><b>Trial Balance</b><br><b>As at 31 December 2016</b> |   |  |
|---|---|--|
|   | <b><u>Debit</u></b><br><b><u>RM</u></b> | <b><u>Credit</u></b><br><b><u>RM</u></b> |
| Cash  | 30,500                                  |  |
| Office Supplies   | 8,000                                   |  |
| Account Receivable  | 24,000                                  |  |
| Prepaid Insurance   | 6,600                                   |  |
| Equipment   | 150,000                                 |  |
| Accumulated Depreciation-Equipment  |   | 8,000                                    |
| Note Payable  |   | 130,000                                  |
| Account Payable   |   | 10,000                                   |
| Unearned Service Revenue  |   | 5,100                                    |
| Max's Capital   |   | 40,000                                   |
| Max's Drawing   | 2,500                                   |  |
| Service Revenue   |   | 40,000                                   |
| Utilities Expense   | 6,200                                   |  |
| Salaries Expense  | 5,300                                   |  |
|   | 233,100                                 | 233,100                                  |

**Continued...**

The following information is available to assist in the preparation of adjusting entries:

- a. Prepaid insurance expired in December amounted RM3,300 still not recorded.
- b. RM1,500 supplies have been used during the month but not recorded.
- c. Depreciation on the equipment for the month is RM2,000.
- d. Accrued salary is RM500 on 31 December 2016.
- e. One-third of the unearned revenue has been earned by 31 December 2016.
- f. Utilities expenses of RM650 are unpaid.
- g. Invoices representing RM1,000 of services performed during the month have not been recorded as of 31 December 2016.

**Instructions:**

- (a) Prepare the adjusting entries of Max Photography Company at 31 December 2016. (7 Marks)
- (b) Prepare the Adjusted Trial Balance as at 31 December 2016. (10 Marks)
- (c) Prepare the Statement of Comprehensive Income for Max Photography Company for the month ended 31 December 2016. (4 Marks)

**PART B**

- (a) Explain the following type of adjusting entries and classify it either as current asset item or current liabilities item.
  - Prepaid Expenses
  - Unearned Revenue
  - Accrued Revenue
  - Accrued Expenses(2 Marks)
- (b) Provide any **FOUR (4)** items to be presented in Statement of Financial Position according to the MFRS 101 – Presentation of Financial Statements. (2 Marks)

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 3****PART A**

Wendy Company ended its financial year on 31 December 2016. The company's account balances as of the end of its financial year are shown below:

|                   |          |  |         |
|-------------------|----------|--|---------|
| Salaries Expense  | RM39,000 | Notes Payable (due in 2 years)         | RM2,000 |
| Salaries Payable  | 1,800    | Cash                                   | 13,300  |
| Utilities Expense | 3,600    | Account Receivables                    | 21,200  |
| Equipment         | 26,500   | Accumulated Depreciation-Equipment     | 5,400   |
| Account Payable   | 3,600    | Wendy, Drawings                        | 3,600   |
| Service Revenue   | 58,000   | Depreciation Expense                   | 16,200  |
| Rent Revenue      | 7,600    | Wendy, Capital (beginning of the year) | 45,000  |

**Instructions:**

- Prepare Statement of Comprehensive Income and Statement of Changes in Owner's Equity for the year ended 31 December 2016; and a Classified Statement of Financial Position as at 31 December 2016. **(10 Marks)**
- Prepare the closing entries for Wendy Company as at 31 December 2016. **(5.5 Marks)**
- Prepare the Post-Closing Trial Balance for Wendy Company as at 31 December 2016. **(4.5 Marks)**

**PART B**

"Malaysian Accounting Standard Board (MASB) and Financial Reporting Foundation (FRF) are established under the Financial Reporting Act 1997."

**Instruction:**

State **TWO (2)** functions of MASB and **THREE (3)** functions of FRF towards accounting development in Malaysia. **(5 Marks)**

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 4****PART A**

Since cash is the most liquid of all assets, a business cannot survive and prosper if it does not have adequate internal control over its cash.

**Instructions:**

- (a) State the **FOUR (4)** main objectives of internal control. **(2 Marks)**
- (b) Identify the principle of internal control applied to each of the following cash activities.
- i. Only Finance Manager is authorised to approve vouchers issued for payment.
  - ii. The bank reconciliation prepared by accountant will be checked by a staff who is not involve in cash processing.
  - iii. Company assign different staff to receive cash from customer, to record the cash receipt and to deposit the cash in the bank account.
  - iv. All cheques issued for payment must be pre-numbered and each cheque must be supported by approved invoice.

**(4 Marks)**

- (c) Lagoon Villa Company uses an imprest petty cash system. The petty cash fund was established on 1 April 2016 with a balance of RM150. During April 2016, the following petty cash receipts were found in the petty cash box.

| Date    | Receipt No | For                   | Amount (RM) |
|---------|------------|-----------------------|-------------|
| April 4 | 1          | Freight -Out          | 28          |
| 6       | 2          | Travel Expense        | 34          |
| 10      | 3          | Entertainment Expense | 35          |
| 13      | 4          | Postage Expense       | 15          |

The fund was replenished on 20 April when the fund contains RM35 in cash. On 30 April 2016, the amount in the fund was increased to RM200.

**Instruction:**

Prepare the journal entries to establish the petty cash fund, replenish and increase the fund. **(5 Marks)**

Continued...

**PART B**

Stella Spa's bank statement for the month of December 2016 showed ending balance per bank of RM12,160. The company's cash account in the general ledger had a balance of RM8,500. Other's information are available as follows:

- i. The deposit in transit for the month is RM2,000.
- ii. The bank deducted RM120 for a cheque written by another company.
- iii. Company pays rent every month by Electronic Fund Transfer System (EFT) amounting RM1,200.
- iv. At 31 December 2016, the following cheques are outstanding:

| <b>Cheque Number</b> | <b>Amount (RM)</b> |
|----------------------|--------------------|
| 132                  | 2,000              |
| 147                  | 1,100              |
| 152                  | 560                |

- v. There is bank collection of notes receivables of RM3,400 for the month.
- vi. Cheque No. 110 for RM870 was correctly issued and paid by bank to Petals Company (supplier) but incorrectly entered in the cash payments journal as payment on account for RM780.
- vii. The bank deducted RM13 in bank statement for service charge and another RM10 for printing charges.
- viii. The bank statement shows that the company earned RM33 of interest revenue on its bank balance during December. This amount was added to Stella Spa's account by the bank.

**Instructions:**

- (a) Based on the information above, prepare the bank reconciliation as at 31 December 2016. **(8 Marks)**
- (b) Prepare the journal entries needed from the reconciliation. **(5 Marks)**
- (c) Why a company need to prepare bank reconciliation? **(1 Mark)**

**[TOTAL 25 MARKS]****End of page.**